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ABSTRACT

The current rapid economic development in mainland China strongly demands that the world understand the People's Republic of China's (PRC) negotiating behaviors to ensure a successful business transaction. This study examined the PRC business negotiating behaviors by interviewing 16 Hong Kong businesspersons who have experiences in doing business with the PRC Chinese. Questions regarding the most important cultural factors that affect the PRC business negotiations, problems encountered, and guidelines for reaching a successful business negotiation with the PRC Chinese were asked. Overall, participants identified face, relation, harmony, reciprocity, and credibility as the five most important cultural factors that affect PRC business negotiations. Guiding principles based on Confucianism and strategic applications from other schools of thought form the two faces of the PRC Chinese business negotiations. The interaction and integration of the two forces complicate the process and understanding of Chinese social behaviors. The guidelines for a successful business negotiation with PRC businesspersons include: (1) build a relationship before the negotiation; (2) remember courtesy requires reciprocity; (3) be patient and polite; and (4) develop a long-term relationship. Most existing studies tend to focus on the impact of Confucian traditions, which leaves an unexplored space for research. To understand business negotiating behaviors of the PRC Chinese, future research should explore the strategic aspect that originates from non-Confucian traditions. (Contains 1 table, 2 figures, and 36 references.) (NKA)

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Abstract

The recently rapid economic development in mainland China strongly demands the world to understand the PRC's negotiating behaviors in order to ensure a successful business transaction. This study examines the PRC Chinese business negotiating behaviors by interviewing 16 Hong Kong business persons who have experiences in dealing business with the PRC Chinese. Questions regarding most important cultural factors that affect the PRC business negotiations, problems encountered, and guidelines for reaching a successful business negotiation with the PRC Chinese were asked. Overall, participants identified face, relation, harmony, reciprocity, and credibility as the five most important cultural factors that affect the PRC business negotiations. Explanations about these five factors were reported. The guidelines for a successful business negotiation with the PRC business persons include: (1) build relationship before the negotiation, (2) courtesy requires reciprocity, (3) be patient and polite, and (4) develop a long-term relationship. Finally, future research regarding the strategic aspect of the PRC business negotiation was discussed.

An Examination of PRC Business Negotiating Behaviors

Since the People's Republic of China (PRC) opened its door in late 70s, it has emerged as the largest communist trading partner in the world in 90s. With its huge geographical size, potential amount of resources, cheap labor, and large population, the PRC continues to offer bright prospects for increasing trade with other nations. However, due to the cultural differences, many foreign investors would feel uneasy to communicate with the Chinese in business transaction. As Hall & Hall (1988) indicated, the greatest barrier in the process of business transaction is the one embedded in culture. The PRC has its own unique cultural values and customs, thus its business behaviors, including business negotiation and bargaining, are different from other nations, especially the Western. As a result, foreign negotiations used to describe the PRC negotiation or communication style as a "myth." Thus, in order to clarify the myth of the PRC business negotiating and bargaining behaviors and further develop successful business relationships with the Chinese it is important to first understand the Chinese culture (Graham, 1983; Osland, 1990). It is the purpose of this paper to unveil part of the Chinese culture by examining how the PRC business negotiation is affected by Chinese cultural factors.

Negotiation is a process of reaching an agreement through communication between two parties with different needs and viewpoints (Adler, 1991; Fisher & Ury, 1981). Because culture and communication have a reciprocal relationship (Nakanishi, 1987), culture is necessarily manifested in an individual's communication and negotiation patterns. For example, in communication, comparing to low-context cultures, people of high-context cultures are more likely to adopt a non-confrontational and indirect attitude

in which they tend to be more silent, use ambiguous language, and avoid saying "no" directly to others in order to foster or keep a harmonious atmosphere. (Chen & Starosta, 1998).

Although the Chinese culture encompasses a diverse range of philosophies, Confucianism is generally identified as the foundation of Chinese culture tradition. Confucian teachings continue to guide the Chinese communication behaviors. According to Yum (1988), three cardinal concepts of Confucianism are combined to guide the Chinese communication behaviors: *jen* (benevolence, humanism), *yi* (justice, righteousness), and *li* (propriety, rite).

Jen is embedded in the close connection between the self and other. It refers to love, trust, affection and benevolence to others through self-restraint and self-discipline (Chen & Chung, 1994). Fung (1983) indicated that through the practice of *jen* we develop and maintain others while developing and maintaining ourselves. *Jen* also leads to the willingness to humble ourselves on behalf of inferiors (Chang, 1992). In addition, the embodiment of *jen* is closely related to reciprocity. It is to know how it would feel to be other persons, to become like-hearted, and to be able to empathize with others (Yum, 1988). Taken together, *jen* embodies the following communication behaviors: humility, respect, loyalty, magnanimity, trust, adroitness, and benevolence (Chen, 1987).

Yi, including faithfulness and justice, is the internal criterion of appropriateness of benevolence that functions to guide the communication behaviors by stipulating what one ought and ought not to do in the process of social interactions (Chen & Chung, 1994). It refers to the ability of flexibility and adaptability towards the situation. In other words, *yi* aims to reach the best outcome of human interactions by adopting the most appropriate

reaction towards external stimuli in terms of time, space, people, and situation (Chen, 1987). Thus, for example, in human interaction *yi* allows us to look beyond personal profit and contribute to the betterment of common good from the perspective of original goodness of human nature (Yum, 1988).

Finally, *li* refers to norms and rules of proper behaviors in a social context. It is an external means to achieve the ideal state of harmony by showing a feeling of respect or reverence for social norms. In other words, *yi* is "the fundamental regulatory etiquette of human behavior" (Yum, 1988, p. 378). It connects an individual character and social duties by following the rules of conduct and speech in communication. In daily interactions *li* is embedded in the hierarchical structure of *Wu Lun* (i.e., the five basic human relations between ruler and subject, father and son, husband and wife, older brother and younger brother, and between friends. In other words, in this unequal but complementary relational network, the junior or subordinate must show respect and obedience to the senior or superior, and, in return, the senior or superior must show consideration and protection to the junior or subordinate (Chen & Chung, 1994). Thus, individuals ought to follow *li* in social interactions, and to adjust actively to the harmonious and hierarchical order of society. This kind of formality of social life is a way of avoiding embarrassing confrontations and a means to tackle socially ambiguous situations and to uphold the group control over egocentric tendencies (Shenkar & Ronen, 1987).

The three cardinal concepts form a very structured pattern of Chinese communication behaviors. According to Chen and Starosta (1997), four core factors originated from this communication pattern greatly affect the Chinese conflict management and resolution, including the negotiating process: face, harmony, inter-relation, and power.

The practice of *ren*, *yi*, and *li* aims to reach the state of harmony. To the Chinese harmony is the ultimate goal of human interaction. Thus, negotiation is a process in which participants endeavor to develop and keep a harmonious relationship through the mutually dependent relationship. In other words, negotiation is not a process in which the parties try to direct the interaction to their own favor, instead, negotiation provides the participants with an opportunity to adapt to each other in terms of cooperation and interdependence. The ideal of harmony is sustained by the principle of reciprocity that requires interactants to show mutual responsibility in the negotiating process (Chen & Xiao, 1993). The violation of reciprocal principle, such as the lack of returning a goodwill or showing an indifferent attitude, often leads to uncooperation in negotiations. The Chinese tend to believe that if they do not initiate a breach of harmonious relation in the process of negotiations, the responsibility for maintaining the relation is on the side of their counterparts. This kind of "indebted" feeling affects the Chinese negotiations. For example, as indicated by Shenkar and Ronen (1987), Chinese negotiators are much concerned with the concession made by their counterparts may produce a "debt" which will be repaid at a higher cost.

The establishment of harmony is based on the exercise of inter-relation and face. Chen and Starosta (1997) indicated that inter-relation represents the social network of Chinese interaction and face is the mechanism that ensures or deters the free flow of information in the social network. Inter-relation is regulated by the principle of *Wu Lun* that naturally leads the Chinese to emphasize particularistic relationships in which a clear boundary between in-group and out-group members is clearly specified. The Chinese tend to distrust out-group members. The "we feeling" among in-group members affects the Chinese negotiation. For example, the commitment of Chinese negotiation team is more

likely to rely on high group motivation and standards with social control rather than economic rewards and personal performance. As a result of this group motivation, Chinese negotiators always proudly identify themselves as the "team's men." This kind of group spirit develops a more supportive communication climate and tightly keeps a harmonious relationship among Chinese negotiators who usually act as group members. Any personal intention to gain attention in the process of negotiation is considered to be threatening or jeopardizing to the group's hierarchy and harmony (Pye, 1982).

The preference for relationships among in-group members leads the Chinese to favor a personal rather than a business-like atmosphere in business negotiations. The Chinese negotiators tend to keep frequent contacts, develop mutual understanding, establish personal relationship, and develop personal trust and mutual interests with their counterparts in order to ensure the success of the negotiation (Shenkar & Ronen, 1987). Moreover, in order to establish personal relationships gift giving before the negotiation is a common practice to the Chinese negotiators. Occasionally, gift giving is developed into a form of bribery.

Consequently, particularistic relationships, giving a direction of interaction for negotiators to avoid embarrassing encounters or serious conflicts, become a powerful resource used by the Chinese to influence, persuade, or control their counterparts in the process of negotiations (Chang & Holt, 1991; Chung, 1991; Hwang, 1988; Jacobs, 1979). Moreover, the hierarchical structure of particularistic relationships requires the Chinese to distinguish the levels of friendship into strangers, acquaintances and friends. The Chinese always feel restrained and are more formal when dealing with strangers and acquaintances, but more free and open to express themselves to intimate friends. According to Shenkar and

Ronen (1987), the distinction of friendship often determines the Chinese outlook on the informal phase of the negotiating process. Unlike the Western negotiators, Chinese negotiators hardly treat breaks in the negotiation process as time for relaxation or social gatherings, but treat it equally as important to that time during the negotiation.

To show respect for counterparts' feelings or to save their face in the process of negotiations is a way to heighten our own self-esteem which leads to the avoidance of emotional uneasiness or conflicts. Thus, maintaining face means maintaining friendship in the network of inter-relations. Losing the control of facework means the loss of bargain power and the denial of any offer in the process of negotiations (Jia, 1997). Even if in an unavoidable conflict situation, the Chinese would show courtesy before the use of force or use an intermediary to help them solve the problem in order to save face. This indirect communication pattern leads the Chinese to pursue a smooth verbal and nonverbal interaction in the process of negotiations. It also allows Chinese negotiators not openly saying "no" or showing aggressive behaviors that are considered to be detrimental to the harmonious atmosphere in the process of negotiations. This explains why Chinese negotiators would use all possible means to "earn face" or to "make face" for their counterparts to establish a harmonious atmosphere of interactions (Chiao, 1981; Chu, 1983). As indicated by Silin (1976) and Pye (1982), face-saving is not only frequently used by the Chinese to manage a modern social organization, but also to reach a successful business negotiation.. Shenkar and Ronen (1987) also pointed out that Chinese negotiators tend to make their decisions behind the curtain and likely to make concessions at the end of negotiating process so that they can save each other's face and keep the harmonious atmosphere.

Finally, power refers to the control of resources valued by the other party. In the hierarchical structure of Chinese society power is reflected in authority and seniority. The system of *Wu Lun* ascribes elders, old generation, male, and those in higher status with authority to hold power or control over the others. In the process of Chinese negotiations authority often overpowers knowledge and expertise in making the final decision. Seniority is the locus of power in Confucianism influenced societies (Bond & Hwang, 1986; Carmichael, 1991). The elder tend to receive a wide range of prerogatives in conflict resolution and negotiating process (Chung, 1996). In the Chinese society seniority is also equivalent to credibility that often determines whether a cooperative or competitive stance will be taken.

To summarize, face, harmony, inter-relation, and power form the framework of determinant factors that influence Chinese negotiations. In addition, the above literature review show that these four factors bring about a list of secondary factors that are related to Chinese negotiations. They include authority, avoidance of saying "no," bribery, credibility, emotional control, expertise, fairness, gift giving, honesty, humility, patience, reciprocity, self-restraint, seniority, sincerity, and status. How do these cultural factors affect the process of Chinese business negotiations? This study was designed to answer this question. In addition, other related questions such as the problems one may experience in and guidelines of business negotiations with the PRC Chinese were also examined.

Method

Participants

In order to answer the research questions structured in-depth interviews were conducted to collect the necessary information. Sixteen business persons in Hong Kong participated in this project. Table 1 reports the demographic information of the participants. Among them, 14 are males and two are females. The average age of the participants are 34.94, ranging from 24 to 47 years old. The average years involving in negotiations with the PRC business persons are 5.94. The position of most of the participants in the company is in high management level, and the nature of their company is diverse, including textile, toys, electronic, jewelry, etc. The time for each interview ranges from 42 to 95 minutes, with an averages of 56 minutes,

Procedure and Instrument

All the interviews were conducted in the participants' office. A questionnaire was designed for information collection. The questionnaire contains both open-ended and closed questions. For open-ended questions participants were asked about the nature of their company, their position, how long have they dealt business negotiations with PRC business persons, and the pleasant sides and problems they experience in the negotiating process. The closed question contains a 5-point scale (5 = very important, 4 = important, 3 = note decided, and 1 = not important) by which participants were asked to rate the following 20 cultural factors that potentially affect the Chinese business negotiations: (1) authority, (2) avoidance of saying "no," (3) being humble, (4) bribery, (5) credibility, (6) emotional control, (7) expertise, (8) face, (9) fairness, (10) gift giving, (11) harmony, (12) honesty, (13) patience, (14) reciprocity, (15) relation, (16) self-restraint, (17) seniority, (18) sincerity, (19) status, and (20) trick. In order to validate the ranking order of the 20 factors, participants were also asked to list by order the five most

important factors and explain why they are the most important ones in PRC business negotiations.

Results

The results of the rating of the 20 factors are shown in Figure 1. Among them, 9 items have mean scores over 4.0. They include: relation (5.0), face (4.91), harmony (4.77), reciprocity (4.68), credibility (4.45), authority (4.41), patience (4.27), status (4.13), and gift giving (4.0). The results of the five most important factors identified by participants are reported in Figure 2. They include: face (identified by all 16 participants), relation (identified by 13 participants), reciprocity (identified by 11 participants), harmony (identified by 9 participants), and credibility (identified by 6 participants separately). The results are fairly consistent with the ranking order of the factors.

The reasons for the five most important factors that affect Chinese business negotiations are as follows:

First, face was identified as the most important factor. It is considered as a must in Chinese business negotiations. People in the PRC try very hard to chase face in order to obtain prestige in society and secure or raise their social status. Losing one's face may be construed as a challenge to one's position in the hierarchical structure. As one interviewee stated: *"Any behavior that would damage their face or make defamation on them would have negative impact on the negotiation."* Another interviewee said,

If they lose face in negotiation, their attitude would change sharply. They may even become hedgehog. Their enthusiasm would be lower and tend to be uncooperative

Saving face is especially emphasized when interacting with in-group members.

One interviewee stated:

If you save face to your in-group members, they will do the same to you and it will be more convenient for you to do things. Moreover, if you are not one of his in-group members, you save his face, you will become his in-group member soon.

Thus, face is one of the most skills that lead to success when dealing business with the PRC Chinese. An interviewee described his experience:

One time when I dealt business with a retailer who delayed the payment because he had some difficulties in his account. I thought that it is not a problem and let him to delay. This action of saving face made the retailer have a good image on me and continue to do business with me.

Second, most of the participants believe that relation is the very important values in the PRC business negotiations. An interviewee stated:

If you are "own people" of those in PRC, they will take special care of you and everything can go smoother. It determines whether you can succeed in the negotiation. Only when you built up good "kuan-hsi (relation)" with those people and become in-group members, you can gain a lot of advantages. "Kuan-his" is the inescapable paramount of existing and developing.

To deal business with PRC business persons relation is necessary in very beginning of the business. Relation should be set up before the start of the business. As the second interviewee indicated, *"If there was no relation between two parties, the progress of the negotiation could be very slow. Because the person you wanted to meet would not be*

willing to see you." The bureaucratic procedure in PRC reinforces the importance of relation for business transactions. Another participant described:

To start business in PRC is not simply a matter of money. It is a matter of time and how to use the resources to build relation with the Mainland Chinese. For example, investment in all localities must undergo the same five-step approval process: project proposal, letter of intent, feasibility study, contract and articles of association, and business license. Therefore, a good relationship with the PRC business associations will offer a good start.

In addition, the PRC Chinese grade and regulate relationships according to the level of intimacy. They treat a friend and a stranger very differently in business negotiations. One participant stated:

When they treat you as a friend, their attitude would become more friendly and easy to talk. Usually, they would negotiate with you in an informal setting where the atmosphere is more free and social.. Once they know you and you gain their trust. You are a friend of theirs for life, and all doors are unlocked for you.
"Kuan hsi" is used to keep negotiations alive.

Third, reciprocity plays an important role in maintaining a good relation in PRC. As indicated above, without a good relationship it is very difficult to deal business with the PRC Chinese of to reach a satisfactory outcome in business negotiations. A participant stated:

It is a Chinese norm to help someone who have helped you before. That means that if you help the Chinese to solve a problem or do them a favor, they will remember and pay back for what you need.

Because reciprocity is based on the fairness between the two parties, the PRC Chinese not only feel obliged to return a favor to those who help them, but also expect to have a return from others. For example, another participant indicated that reciprocity

is the aim of all business negotiations. But in China, it is mostly emphasized.

Only when the PRC business persons considered that it is beneficial to themselves, they would deal business with you. Besides, if they offer a favor to you, in turn, they would expect you to give back a favor to them as well.

Therefore, reciprocity becomes a strategy one can use to manipulate the business transactions and negotiations. One of the participants described that reciprocity can be used to "deepen the relationship and ensure the future business" and

People doing business may give a favor, e.g., gift-giving, to another in advance as a form of social investment, or return to others more than he or she has receive in order to put the other in debt

Fourth, Chinese culture pursuits harmony due to its collectivistic orientation. In business negotiations the PRC representatives may even change the original plan in order to establish a harmonious atmosphere, one participant stated:

The PRC businessmen are used to make decision or operating a negotiation with consideration of the collective interests rather than individual interests. They emphasize cooperation. Under a reasonable situation they will modify the original business planning in order to pursuit a harmonious business negotiating atmosphere.

Thus, it is not wise to criticize their collective identity, lest the negotiation should be deterred. The participant continued:

As the Chinese identify strongly with their group, they derive a sense of pride in their unique national and ethnic background, therefore, never criticize the national events or background of the PRC while dealing business with them.

The emphasis of harmony leads the PRC Chinese to avoid argument and try to develop trust and moral support between each other. As mentioned by another participant:

Harmony is so important that Chinese people didn't like argument in any business negotiation, no matter on small or big deal. Harmony ensures the smooth discussion in negotiation. So, we need to try every mean to keep the negotiation in a harmonious situation.

The other participant added:

Chinese representatives expect that negotiations will lead to a partnership characterized by trust, obligations of mutual support, and permanence. For them, negotiations are important social occasions, a basic purpose of which is to foster a relationship between the two sides that will take root, grow, and flower during the present and long into the future.

Finally, credibility is an important factor in PRC negotiations. If they believe you, the negotiation will move much easier. A participant stated:

A good business partner in the PRC will offer a good start of business. This is especially true for those joint-venture business in China. If the credibility of the PRC partner is bad, it will hinder the development of the company. On the other hand, the investor himself should show his company is credible to the PRC

business partner, it can help to develop mutual trust and a good "quanxi" on the negotiation table.

Moreover, the importance of credibility in PRC business transactions is enhanced the currently overheating economic development. The other participant described:

...currently, the economics is overheat which leads the inflation to a high rate and the government should take the policy to cool down the economy. So, much hot money are cooled down by the government that makes many companies in PRC have no enough money to invest... Because of this reason, when they find a partner to do business, they will more likely to find the businessmen who have good credibility. Besides, they will serve you very well in order to keep cooperation with you.

As to the problems experienced in business negotiations with the PRC Chinese, four major items can be summarized from the participants' answers. First, it is a time-consuming process. The following is a representative answer:

It takes a long period of time to negotiate with the Chinese counterparts, especially with those never met before. Business meeting will begin with extensive social interactions over many banquets to establish social rapport...It is quite time-consuming because they are never ready to make decision.

The second are communication problems that are caused by language barriers, indirect communication style, and lack of emotional expressions. There are many dialects in China that are quite different from the well-known Mandarin. Chinese business persons often speak in dialects that are unfamiliar to the participants. For example, one participants said, "People usually use Shanghai language to talk with one another, I

cannot fully understand what they are talking about." Chinese business negotiators also like to use indirect communication. The other participant stated:

During many meetings, no matter official or informal, they like to talk about things that out of the business field, such as asking the social or entertaining news in Hong Kong, or persuading how great the development in China has been and discussing each other's personal hobbies. It is believed that by this way, the Chinese counterparts may understand the other party well by looking at their pathos (personal credibility).

Moreover, the Chinese business persons seldom show emotional signs in response to business issues that often cause misunderstanding.

"It is difficult to detect whether they satisfy the negotiation process or not. In my earlier experiences with the Chinese counterparts in 80,s, I made several mistakes by looking at their friendly attitudes, but in fact, their appearance didn't indicate any justification for the negotiation.

Third, there is no contractual guarantee in PRC Chinese business negotiations.

Here are three representative answers:

"There is no contractual guarantee before the ink dries on the agreement. They may stop negotiation any time without showing any signals, or reasons beforehand."

"Even if after a contract is signed by both sides, the PRC businessmen would think that the agreement are subjected to changes if the situation of which the agreement operated is changes."

"The PRC businessmen change their mind and decision frequently. So the final is not necessarily the final, and may still be modified at a later day. Due to this ever-changing habit, contract is mostly seen as less significant...Signing contract with them is useless."

The final problem is caused by gift giving. As indicated by a participant:

It is obvious that the Chinese counterparts demand gift-giving in the first meeting as a sign of "li mao" (politeness) or sincerity to the negotiation...Wine and cigarette are common gifts that for every business counterpart. Sometimes they may demand some tough things, such as a business to Hong Kong, or other foreign countries. It gives a hard time for us to consider their request.

Other problems include the relationship based on relatives (*"The relationship is quite complicated, especially for those based on relatives. For example, you may find a manager is a niece of the boss and the supervisor is his wife's relative"*), unwillingness to take responsibility (*"They ignore my complaint and send my case to another department. But actually, none of them are willing to take up the responsibility and help me"*), unwilling to accept new ideas (*"You need to follow their traditional way rather than they change their position...It's difficult to persuade them accepting new ideas"*), and the corruption of officers who only concern for their own interest rather than the interest of the company.

Therefore, what are the guidelines for a successful business negotiation in PRC?

The following are four advises suggested by most of the participants.

First, build relationship before the negotiation - remember that the need for social entertainment is inevitable in dealing business with the PRC Chinese. Company should prepare a budget for this kind of social expenses.

Second, *li shang wang lai* (courtesy requires reciprocity) - give gifts to the Chinese negotiators to develop a harmonious atmosphere that will reinforce the smoothness of the negotiation and the success of business. The Chinese are always preparing to return a favor.

Third, be patient and polite - avoid aggressive and confrontative behaviors to save face and develop a good relationship. In addition, being humble by not trying to prove yourself to be stronger than them or criticize them or their government.

Finally, develop a long-term relationship - show appreciation to them at the end of negotiations and keep contact with them after the negotiation is over to ensure you become an in-group member that will open the door for future business.

Discussion

The findings of this study are generally consistent with the existing literature regarding business negotiations of the PRC Chinese (e.g., Chen & Pan, 1993; Chen & Xiao, 1993; Pye, 1982; Shenkar & Ronen, 1987). No matter how great the socio-political change over the last two thousand years, the PRC Chinese behaviors are still regulated by Confucian teachings. The emphasis of *ren*, *yi*, and *li* leads the PRC Chinese to have a social life in which harmony is the ultimate goal. In business negotiations the pursuit of a harmonious atmosphere is buttressed by the practice of making relation, saving facing, reciprocity, credibility, and authority.

Nevertheless, it will be naïve to think that Confucianism is the only source that influences the Chinese behaviors, because Buddhism, Legalism, Taoism, and other schools of thought as well deeply penetrate into the Chinese life. Among them, Lao Tze's dialectic interaction of *yin* and *yang*, Han Fei's idea of authority and power, and Sun Tze's observation in the book of *the art of war* are especially dominate the strategic aspect of Chinese negotiations, compliance gaining, and conflict resolution. For example, Chu (1988) mentioned that "slippery and tricky" is one of the PRC Chinese characteristics that most often frustrates the Westerners. Chinese cultural traditions are resourceful in strategies one can use to maximize benefits in business negotiations. *San shi liu ji* (36 stratagems) is the representative scheme for the purpose (Chiao, 1988; Senger, 1988). According to Chen (1995) and Chen and Zhong (1996), the common *ji* (stratagems) employed in the Chinese social interaction can be classified into eight categories: delusion, burrowing/misleading, distraction, indirect exploration, espionage/self-inflicting, adapting, and deceiving. Most of these categories are against the Confucian teachings of *ren*, *yi*, and *li*. Another common scheme used to maximize benefits of the business negotiation is adopted from the principles of military maneuvers explicated in Sun Tze's *the art of war*. Sun Tze claims that the highest form of victory is to conquer by strategy and deception is the essence of a successful warfare (Cleary, 1988). For example, in business negotiations one should pretend to be inept and weak when one is able and strong and convey the impression that one will not attack when one is ready to attack (Li, Yang, & Tan, 1989; Wang, 1976).

The guiding principles based on Confucianism and the strategic applications from other schools of thoughts form the two faces of the PRC Chinese business negotiations.

The interaction and integration of the two forces complicates the process and understanding of the Chinese social behaviors. In regard of business negotiations, most existing studies tend to focus on the impact of Confucian traditions. This leaves a large unexplored space to be investigated for future research. In other words, in order to fully understand business negotiating behaviors of the PRC Chinese future research should explore the strategic aspect that is originated from non-Confucian traditions.

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Table 1. Demographic Information of the Participants

Part.	Age	Sex	Years	Company	Position
1	35	F	3	Textile	Director
2	28	M	3	Handbags	Purchaser
3	38	M	7	Jewelry	Owner
4	27	M	3	Motor Car	Manager
5	42	M	5	Textile	Manager
6	34	M	4	Textile	Director
7	31	M	3	Accounting	Manager
8	32	M	4	Construction	Coordinator
9	32	F	3	Baby Products	Manager
10	28	M	4	Toys	Engineer
11	24	M	2	Advertising	Media Planner
12	48	M	12	Food	Owner
13	33	M	5	Textile	Manger
14	38	M	10	Electronic	Director
15	47	M	15	Engineering	Manager
16	42	M	12	Textile	Director

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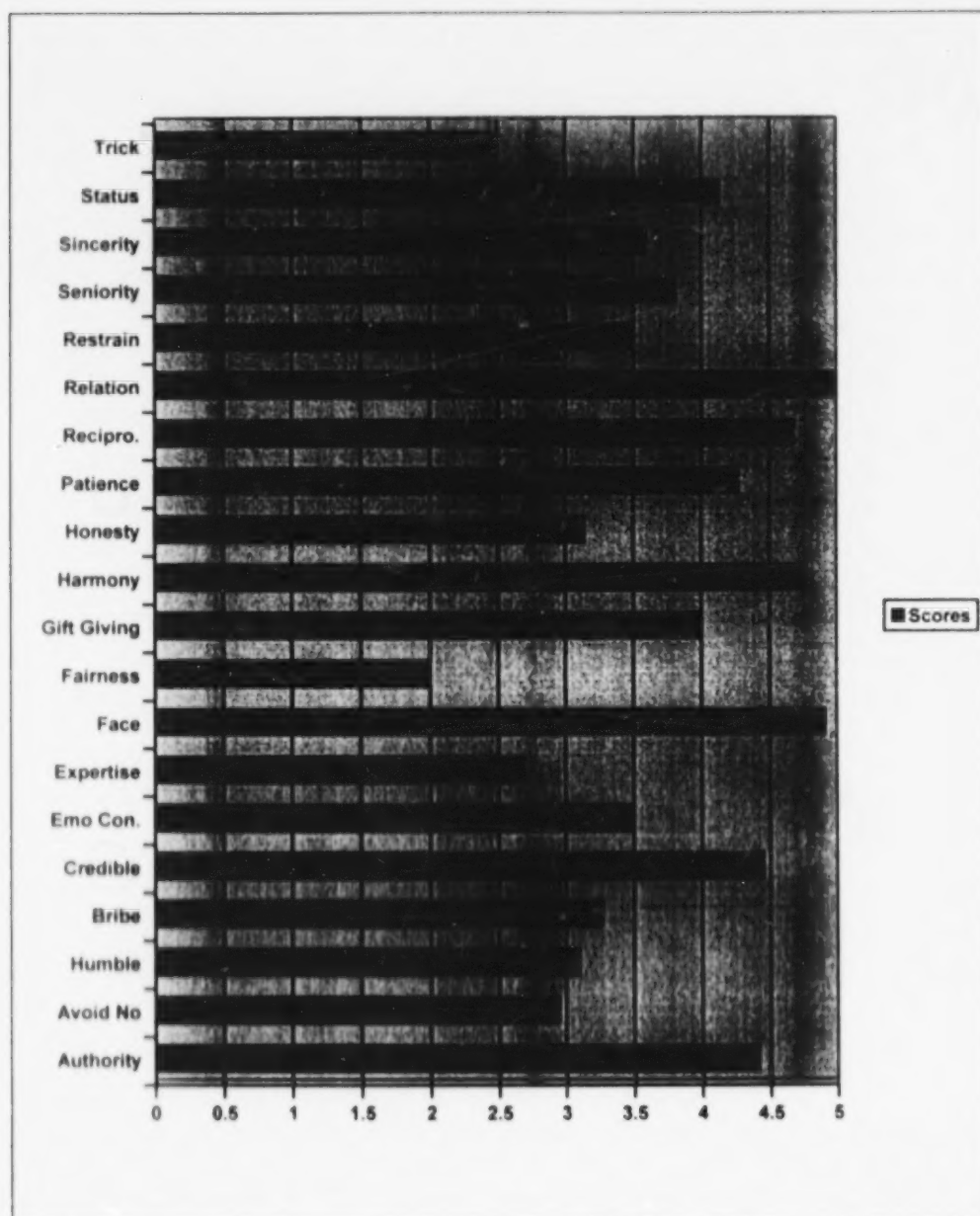


Figure 1. The distribution of mean scores of the 20 factors.

Note. The mean scores of the 20 factors are: authority (4.41), avoidance of saying "no" (2.95), being humble (3.10), bribery (3.27), credibility (4.45), emotional control (3.50), expertise (2.69), face (4.91), fairness (2.0), gift giving (4.0), harmony (4.77), honesty (3.14), patience (4.27), reciprocity (4.68), relation (5.0), self-restraint (3.5), seniority (3.81), sincerity (3.59), status (3.59), trick (2.50).

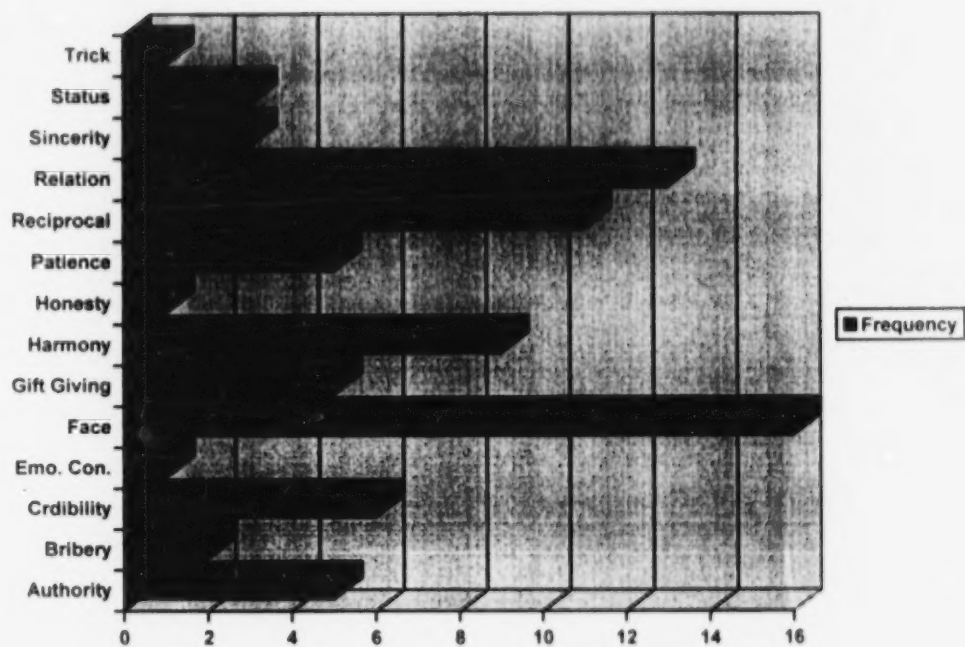


Figure 2. The results of the five most important factors.

Note. The frequencies mentioned by the 16 participants: authority (5), bribery (2), credibility (6), emotional control (1), face (16), gift giving (5), harmony (9), honesty (1), patience (5), reciprocity (11), relation (13), sincerity (3), and trick (1).